



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 18, 1999

H.R. 1875 **Interstate Class Action Jurisdiction Act of 1999**

As ordered reported by the House Committee on the Judiciary on August 3, 1999

H.R. 1875 would expand the types of class-action lawsuits that would be heard initially in federal district court. As a result, most class-action lawsuits would be heard in federal district court rather than state court, and the bill would impose additional costs on the U.S. court system. While the number of cases that would be filed in federal court under this bill is highly uncertain, CBO expects that at least a few hundred additional cases would be heard in federal court each year. According to the Administrative Office of the United States Courts, class-action lawsuits tried in federal court cost, on average, about \$17,000. This estimate includes discretionary costs for salaries and benefits for clerks, rent, utilities, and associated overhead expenses, and excludes the costs for the salaries and benefits of judges. Thus, CBO estimates that enacting H.R. 1875 could affect the courts' workload at a cost of about \$5 million annually.

H.R. 1875 also would require the General Accounting Office to study the impact of the bill on the workload of the federal court system and to report to the Congress no later than one year after the bill's enactment. CBO estimates that this provision would cost less than \$500,000 over the 2000-2001 period, subject to the availability of appropriated funds.

CBO also estimates that enacting this bill could increase the need for additional judges. Because the salaries and benefits of district court judges are considered mandatory, adding more judges would increase direct spending. But H.R. 1875 would not—by itself—affect direct spending because separate legislation would be necessary to increase the number of judges. In any event, CBO expects that enacting the bill would not require any significant increase in the number of federal judges, so that any potential increase in direct spending from subsequent legislation would probably be less than \$500,000 a year.

Because H.R. 1875 would not affect direct spending or receipts, pay-as-you-go procedures would not apply to this bill. H.R. 1875 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Susanne S. Mehlman. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.